

# THE HUMAN ASPECTS OF ECONOMIC DEVELOPMENT

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## THE HUMAN ASPECTS OF ECONOMIC DEVELOPMENT

*(Text of a lecture delivered by Dr. Leslie Palmier, Deputy Director, UNESCO Research Centre, Delhi.)*

Mr. Chairman, ladies and gentlemen: May I make two statements, before I begin, of a personal character. The first is I shall be speaking in my own personal capacity, not on behalf of Unesco. Then, May I say that if I had known when I was inveigled into this talk that my Chairman would be an ex-Director of ECAFE, and that the Director of this Institute would be an ex-Ambassador to Indonesia, I would have found pressing reasons not to give the talk, but here we are.

Let me also remove one ambiguity in the title of the talk, my own fault I am afraid. It is that I am not speaking about what happens to human beings as a result of development, but rather about the human factors that go to create economic development.

It seems to me that there are three pressing reasons for discussing this. If one considers the generally accepted most important economic factor in development, namely capital, then there are perhaps three things that can be said about it. First, that it is not sufficient to create economic development. I do not merely mean that it is not sufficient in quantity. I mean by itself, from the mere existence of capital, you cannot predict that economic development will occur. Secondly, you can show in certain selected instances that it has not been necessary to create economic development—capital in the normal sense of finance and that kind of thing. And the third and the most unpleasant reason why one must turn one's mind away from capital is that I am afraid there will just not be enough available, or made available by the richer countries, to develop the poorer southern half of the world. As you can see very clearly there are pressing political reasons why this is the case. The richer countries will on the whole only give money if they feel it is of direct importance to themselves, and this they are very far from feeling. I think one must be pessimistic that they

will ever feel that it is so important they must make a really great effort, tighten their belts and produce enough capital to ensure the development of the rest of the world; if it were indeed possible to do so simply by injections of capital.

But let me go over these points again. Why do I say that capital is not sufficient? Because as one sees very clearly there is no guarantee that it will be used productively. Capital on more than one occasion has been squandered. This is not a failing of only the underdeveloped countries. Over the last few years, it has been shown that the rate of development of the U.K. has not been what one would expect from the amount of capital invested. On enquiry it appears that money has been put into some schemes which are not as productive as some alternative uses. For instance much money has gone into atomic energy on the one hand, while on the other it was decided not to dig up coal in the cheapest way possible, namely, surface mining, to placate the interests that wanted to safeguard the countryside.

So for these reasons among others, you will find that capital is not used as productively as it may be in many instances. If you look round the world (and this is often not done sufficiently), and compare the rates of efficiency of use of capital in various countries you will find that they vary tremendously, even when you have taken account of the possible differences that might be due to differences of national endowment. It is just that some people make more than others out of a given amount of money, and this we know among ourselves without going into comparisons between countries. Nor can one assert that when a country has amassed enough capital to reach the famous take-off stage, it will continue flying. More than one has taken off only to make a nose-dive straight into the ground immediately afterwards. One may take as an example the Argentine, which certainly developed, but fell into a morass of political disputes from which it has yet to emerge. So not even the take-off can guarantee that thereafter you will develop.

As an illustration of how in certain circumstances capital has not been essential to economic development one can take an example from the area of our interests, South and South East Asia. I refer to the Chinese and of course the Indians. They go into countries where they generally arrive poorer than

the people who live there, and they end up richer. They have no more natural advantages than the people around them, except perhaps the natural advantage of being an immigrant and out-cast group. This sometimes economically is a great advantage. But in each instance they develop capital. They do not have it with them. This is the reason why they go there.

Lastly, as I have already said, for political reasons there will not be enough capital.

Equally, one must not place too much reliance on the idea of training as an automatic means of economic development. This idea is rather fashionable now. But there are many instances where training has been given and has not been used as intended. For instance, throughout Southern Asia, many doctors took to nationalist politics rather than medicine. This is not against them, but one can hardly say that their training as doctors was put to the use intended. As another example, may I mention that when I was in New Zealand a number of people were sent from a certain South East Asian country (I shall not for reasons of discretion mention the country concerned) to be trained as apprentice teachers. They were foremen, who were going to be sent back to an Institute in that country, to be put to work to train other people. And this level, of the technician, is now considered to be the one that is most productive of economic development, rather than the technologist and engineer. So a number of these people were brought to New Zealand and duly trained for two years. In the meantime their Government was supposed to be building the Institute in which they would do their training. But for many political reasons of inefficiency this did not happen. The trainees went back to their country, and were forthwith posted to administrative posts in the civil service; that was the end of that training scheme. So just as in the case of capital, one cannot assume that training (training is of course a form of capital) will be put to the best possible use.

It seems to me that, with the sole exception of the Marshall Plan (which judging by the standards of the rest of the world is highly atypical) the general experience of economic development in the world has shown very clearly that there is nothing whatever automatic about it. You cannot predict that if you put in so much capital you will get so much development.

Neither can you predict that if you put in so much training you will get so much development. So accordingly some attention has been given to try to understand this unpredictable factor, the human being. What makes people act in ways which bring about economic development?

In recent years there has been quite a lot of work done to study the characteristics of societies that develop rapidly. This work has been done across countries, across the developing or non-developing barrier, across cultures and across types of government. Too many statements are made about economic development which are not really tested against the experience of countries all round the globe, which are either developing or not developing.

The result of all this work has been to bring out certain characteristics of these developing societies. The first one is that they have in them people who are characterised by a great need for achievement. Now let me explain what this word means in this context. It does not mean the need simply to achieve high standards in anything. A mathematician can desire to excel at mathematics, but he would not be considered a high achiever for present purposes. This word in this context is used only for the kind of person who strives to excel at producing things. There are such people and they are developed in what you might call the family situation—I will go into that in a minute. They are people who are fond of putting things together and taking them apart, who rather like growing things better or growing more things. These are the people who have a high need for achievement. A healthy society needs very many other types of people, and I would hate it to be thought that these achievement-oriented people are the only kind of people worth having in society. This is far from the case. You need people with a high need for power, who can manipulate it and know what it is all about. You have need for people with a high need for affiliation: in other words to be liked by other people. You have need for all those people. But you will not have development in society unless you have a sufficient number of people who have this need for achievement, who want to produce more and better. Another characteristic of such people is that they like being constantly checked. In technical language they have a constant need for rapid feedback.

They want to know how they are doing. They are not the kind of people who are content to write a life work lasting ten years, not caring very much whether it will be accepted by the critics. They want to know day by day how they are doing. In most societies, this feedback so called, this information, is given to them by means of the symbol of money. If they are making money they are happy because they know that they are achieving their goals, and producing more of the things that are wanted by society.

This is one element that is necessary, but many others have been found to exist in these rapidly developing societies, and I would emphasise that people with high achievement are just not enough by themselves.

Also found in rapidly developing societies is the fact that, as has been theorised very often in the past, peoples' status depends much more upon their achievements than upon social ascription. If a society decrees that the rights of people shall depend upon birth or class or colour or race, it will not be a rapidly developing society. What is important is that these socially-ascribed characteristics be played down altogether, and that achievement be rewarded. However, this is, oddly enough, not as important as how the individual thinks of himself. If he sets himself high standards and tries to achieve them, from the point of view of development, it does not matter much then what other people think about him.

The third characteristic found in rapidly developing societies is that, where people have a great drive to achieve things, then it is important that they be selected for their jobs on a universal basis: in other words any one, who can meet the specifications can get the job, irrespective of whose brother or cousin he is, or what race or caste he belongs to.

Rapidly developing societies are also characterised by the fact that relationships between people are specific, in other words, there is a diminution of the general type of relationship expressed say in kinship. Obligations are clear and specific, and are entered into for specific ends. They are contractual relationships rather than relationships of status. One is in a certain relationship to another person because one expects certain things of him and one is going to give certain things to him; and this is clearly understood on both sides. It is not a

general feeling to the effect that "Well he is my cousin and therefore I have to support him and he supports me". On the contrary such attitudes tend not to exist in a rapidly developing society.

The fifth characteristic found in a developing society is one you might expect: there is a great emphasis on hard work. This is considered a good thing in itself; and of course there is a constant feedback as the hard work is rewarded.

In such rapidly developing societies, there is no feeling that the society is dominant over nature, neither is there necessarily an optimistic feeling that we are in an unending state of progress. What these developing societies do have is a conviction that in order to be able to combat nature one has to cooperate with one's fellow human beings. In other words if there is a flood one has to get together with other people to stop the flood. And this feeling is widespread throughout the society. In order to withstand nature's attacks one has to work together with other human beings.

Equally interesting were other widespread notions about developing societies which this research showed were not really based on fact. One was that of cold rationality; the idea that in a developing society people work out what is their maximum advantage in all matters and follow nothing but that. It was found that this just did not apply. More important perhaps, and this may come as a surprise, there is no warrant for the idea that rapidly developing societies place material things as the highest goal. They do not. There is a great illusion that people who work hard and want to make money do so because of the things it will buy. It appears more true that they make money because it is a symbol of how well they are doing; and this applies to rich and poor alike. Nor as a matter of fact are the rapidly developing societies particularly distinguished by any beliefs in economic rationality or planning. That idea is just not supported.

The need for achievement you might call the psychological factor. The social factors, summarising most of the points I made earlier, add up to the statement that in a developing society you have to abandon the traditional code of behaviour in favour of the code of your peers, your fellows, public opinion. In these developing societies it was found empirically that



behaviour follows not what the elders or what one's fathers think is right but rather responds to the needs and demands of one's fellows or, more generally, public opinion: that of your contemporaries, the people of your own profession, your colleagues, your neighbours, rather than the traditional code handed down over time from one's fathers. Let me try to explain the importance of this social factor in a developing society. In such a society, as I mentioned, all relationships are entered into with a specific object of attaining a given end; you enter into bargaining relationships. More and more relationships are entered into with a specific end in view. Now, if this is to be kept within social bounds, if society is not to fly asunder, you must have some countervailing force. The only possible one is in fact public opinion. Because, if you stick to the traditional code of conduct and in addition make your relationships specific, the result is, as is often the case in developing countries, that you simply support your kin against all comers. Since the old restraints of traditional societies are gone it becomes your kin, your group, against all the others.

Now the point here is that the way it works out in practice, as has been observed empirically, is that in the economic field the person who is in business tends to have a certain range of prices, one price for his kin, another for his ethnic group, and the third for the stranger. This tends to inhibit economic development by itself because it means that the market is not as wide as it might be. There are many theories of economic development, as our Chairman will tell you, but they all agree that one essential characteristic, the one thing by which you can recognise economic development, is the widening of the market. One obstacle to this widening is the retention of allegiance to the kin group, and only by dissolving the kin group in favour of a wider one, which may be the general public, or one's peers, or one's contemporaries, but in any case whose criterion is not blood relationship, will you get this rapidly developing society. At this point it is important to notice that the requirements of the economy, the society and the polity, happen to meet. What one is talking about could equally well be called national integration. The same process of dissolution that widens the market, that makes it subject to public opinion, also makes for national

integration. At this point, therefore, all these three come together.

So you might summarise this by saying that there are only two characteristics which have been found in all rapidly developing societies. The first is a sufficient number of people with a great desire for achievement. I say a sufficient number of people in order to imply that there are institutions created by a sufficient number. One man with a great desire of achievement will break his heart if the society does not reward it, or even condemns it, and thinks little of people who play with machines or produce things, considering these activities fit only for the lower orders. The second great requirement is the sensitivity to the opinion of one's fellows, to public opinion, for all the reasons I have given you. At one time, I should mention in passing, this second was thought to be peculiar to the United States, a highly developed, advanced society. This arose from the ideas of Mr. David Riesman, who described latter-day Americans as "other-directed". But this is where making a comparison of developing societies around the globe does help; it showed that this attitude was far from being restricted to the United States. In fact, all the developing societies round the world tended to have it; people were more and more guided by the opinions of others. This is a continuous process of mutual adjustment. The important point to remember is that the adjustment is made to what other people think and not so much of what one's forefathers thought. As you can see, too, this mutual adjustment is absolutely necessary in a rapidly changing society. The ethics of one's forefathers were all very fine for their day, when society had no rapid change to grapple with, but if one is to have a developing society, this by definition means rapid change. In turn this means that there are constantly new situations in which the ethics of our forefathers are of absolutely no use at all. After all, they usually tended to say support your own blood group against every one else; and this just does not work in a developing society.

Now you might say that this is all very fine. How does one create these things? And what can be done about it? Well, something can be done. Let us take first the man with the need for achievement who, as I said, is to be found in all rapidly developing societies. I would repeat he is one type of person who

is needed in a developing society; he is not the only one but I am afraid he is essential. His characteristic is of course developed in the family situation, as most of our basic attitudes are. Now what kind of family? Essentially it would seem one where the father is not dominating. As you can see, if you think for a minute, you cannot have a rapidly developing society with a predominance of traditional ethics, and equally in the family you cannot have the achievement-oriented individual with a dominant father. In addition, the mother must be of the type who is rewarding of achievement. In other words she rewards the son when she sees he has done well without at the same time smothering him in affection. And for developing the achievement-oriented character the golden maxim appears to be a few rules rigidly kept, rather than many rules frequently broken.

Now this was deduced first and then tested in a number of situations by psychological and other tests. What struck those who did this research was that there was a great increase of such people in Germany after both world wars. The assumption is that this may well have been due to the fact that in both instances Germany lost a tremendous number of men killed, and an even larger number were away from home for a long time, so that there was no father to be dominant in the family. Equally, it has been often noted that economic development has begun in sea-port areas. Here again you get precisely the same situation: the sailor-father being away from home for long periods of time and therefore unable to dominate the son.

Of course, this becomes either a virtuous or a vicious circle. If the father is away the son tends to become independent and achievement-oriented. One of the characteristics by which you recognise achievement-oriented people is that they are rather fond of travel. If they travel, they tend to be away from home for a sufficient length of time to permit their sons to develop similarly. I am not saying, incidentally, that if you want your sons to develop achievement-oriented you had better leave home. But the rule seems to be that if one has to have achievement-oriented people, the father should not dominate. However, the world is not lost even at a mature age. At one time it was thought that the age-limits of character-formation, so to speak, were between the ages of 6 and 16. Before 6 the

boy was too young and after 16 he was too old to be induced to become achievement-oriented. This, I think, is still the accepted idea, but nevertheless experiments have been done, in this country as well, with adult individuals, for instance people who have retired from the administrative service, to see if they had built in them this achievement potential. In India, as in other countries, there have not been too many opportunities in the past when people with this achievement-orientation in them had full play for their powers, and many of them have gone into other occupations. So attempts have been made to see if something could be done by means of psychological techniques to bring out this achievement-orientation and certainly some successes have been recorded.

What can be done to develop public opinion and the sensitivity to others which, I would stress, is just as important as developing achievement-orientation? In children it can be developed by putting them in play groups when they are very young, so that they learn to adjust to each other. Of course, they develop a team spirit, which depends upon sensitivity to what others need, and so to public opinion.

(I should mention in passing that it is pretty clear that it is this ability to work in a team, to respond to one another, which if you look back over the historical records was really what distinguished Europeans when they came to Asia. Very often they found themselves faced by people who were very much greater in numbers, but who were quite incapable of working together. The Europeans, who could work together, found there was no great difficulty in standing up to the much greater numbers.)

Much more can and should be done to encourage the study of these psychological and sociological factors in economic development because what has been done is only a sketch of what is required. It was a preliminary study of countries about which information was available. Much more intensive work is needed, but I hope what I have said has shown the importance of the problem.

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